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Title: After The Buyout: Tobacco profits still lure many growers

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Lead:

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Article:

LANCASTER - A program that promotes long-term involvement for tobacco growers is being held in three sessions for producers in Garrard, Boyle and Lincoln counties.

The final session is scheduled 9 a.m.-3 p.m. March 15 at the Garrard County extension service office. Those attending had to pre-register and pay a \$20 fee.

Garrard Agricultural Agent Mike Carter said the information in the sessions is more in-depth than production programs offered in the past. It includes recommendations based on research by University of Kentucky College of Agriculture experts.

"This takes a higher level of interest for participants, and they devote three days of their time to learn at a time when they also are busy on the farm," said Carter.

Tobacco continues to be the No. 1 legal cash crop in Kentucky, even though there are fewer growers and it does not generate as much money as it once did.

Tobacco production had decreased in the past few years, and many farmers were just hanging on to be eligible when the federal buyout was approved in 2004.

Carter estimated that after the buyout, statewide tobacco production fell by half. A lot of burley production went to western Kentucky where some producers grow from 100 to 250-plus acres.

Currently, there is no record of how many Kentucky farmers are raising tobacco since there are no quotas, according to the Farm Service Agency.

Most of the producers attending the informational sessions at the extension office this year are between 21 and their early 40s. Carter said they are sons of older producers and from families with a strong tradition in the tobacco program.

No overhead from leasing

G.B. Shell, a longtime farmer in Garrard County, attended in order to help his grandson, Jonathan, who wants to raise tobacco the no-till method.

"We want to see if there are any advantages to it."

The Shell family raises about 100 acres of tobacco and has since the late 1940s. The Shells contract with tobacco markets to sell their crop.

"Some are making more money now than when tobacco was under the quota system," Carter said.

In the past, some farmers leased extra poundage at a cost from 50 cents to 60 cents per pound. Because they don't have to lease now, they no longer have that overhead. They can grow as many pounds as they want, he added.

A vast majority of producers are contracting directly with tobacco companies to sell their crop. Former tobacco warehouses, including one in Danville, are being used as receiving stations. The contract price depends on the grade of tobacco, and the crop has to meet a certain moisture level when it arrives at the station.

Carter said the process moves faster now.

The tobacco is unloaded, graded, weighed and tested for moisture. The growers get paid the same day.

Some still use warehouses

However, some farmers still sell at one of four warehouses left in the state, including one in Danville. The traditional process takes longer depending on the warehouse and market season.

The downside of the new marketing system is that growers do not get as much money per pound as they did under the quota system. They were averaging \$2 per pound and now get about \$1.60, Carter said.

Changes also are being considered for baling tobacco. The current bales weigh from 80 to 100 pounds, and plans are to go to 700 pounds.

The new packaging is being pushed by big companies like Phillip Morris, which will offer a cost-share program up to \$2,500 to purchase a large baler. The bales have to be handled with a front-end loader.

Last week, tobacco producers taking advantage of the extension service sessions learned about site selection and preparation, conservation tillage, fertilization, plant populations, weed and insect control, topping and sucker control, chemical residue, and harvest timing.

UK specialists Gary Palmer with the Department of Plant and Soil Sciences and Bob Pearce with the Department of Agricultural Economics talked about preparing for production and the misuse of chemicals. They also gave statistics showing the causes of good crops and crop failures.

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